

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 436 - SB 520

April 16, 2015

SUMMARY OF BILL: Requires the Department of Education to calculate a public high school's graduation rate as the number of students in an adjusted cohort who graduate in four years with a regular diploma divided by the number of students who form the adjusted cohort within that graduating class. Requires this graduation rate to be the only rate calculated for public high schools and for the purposes of all state and federal reporting requirements.

Prohibits a student who has been retained in a grade or who leaves high school without transferring to another high school from being removed from the adjusted cohort unless a local education agency or school can confirm in writing that such student has transferred, moved to another country, or is deceased. Requires LEAs or schools to receive official documentation that a student re-enrolled in another school or in an education program that awards the GED or HiSET diplomas.

Defines "cohort" as a group of students who enter high school in ninth grade or the earliest high school grade available. Students who drop out of high school after reaching the age of 18 shall not be included in the cohort for the purposes of calculating the cohort graduation rate.

Defines "adjusted cohort" as a cohort, plus any students who transfer into the cohort in grades nine through 12 minus any students removed from the cohort.

Defines a "transfer student" as a student who enrolls in a high school after the beginning of the cohort's first year of high school. Requires a transfer student to be included in the graduation cohort only if the student is enrolled in the high school for 360 days before graduation.

ESTIMATED FISCAL IMPACT:

On February 27, 2015, a fiscal note was issued for this bill with a fiscal impact of:

Increased State Expenditures – Not Significant

Increased Local Expenditures – Not Significant

Other Fiscal Impact – Potential loss of federal funding to state government and/or local education agencies (LEAs) of unknown amounts.

On April 16, 2015, additional review by the staff of the Fiscal Review Committee determined this impact to be in error. The corrected fiscal impact is as follows:

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(CORRECTED)

Other Fiscal Impact – Potential loss of federal funding to state and local governments of unknown amounts. Otherwise any increase in state and local expenditures for implementation is estimated to be not significant.

Assumptions:

- A portion of the changes set forth in the bill are in conflict with current federal law and guidance.
- It is unknown if Tennessee would need to apply for and would receive a waiver from the federal government to revise how the state calculates graduation rates.
- To the extent federal funding is not withheld as a result of the state revising how it calculates graduation rate and who is included in the graduation rate calculation, the fiscal impact is not significant. To the extent federal funding is withheld as a state revising how it calculates graduation rate and who is included in the graduation rate calculation state and local government will experience a loss in federal revenue and a like increase in state and local expenditures to continue operations formerly funded by federal revenue.
- The Department of Education will adjust how graduation rates are calculated in the normal course of business without an increase in personnel or a reduction in the Department's reversion

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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